

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

IN THE MATTER OF THE INDIANA)
UTILITY REGULATORY COMMISSION'S)
INVESTIGATION OF MATTERS RELATED)
TO THE CONTINUED BUSINESS) CAUSE NO. 43115
PRACTICES OF RIVER'S EDGE UTILITY,)
INC., IN THE STATE OF INDIANA)
PURSUANT TO INDIANA CODE 8-1-2-1(A),)
8-1-2-58, 8-1-2-69, 8-1-2-89, et seq.)

JOINT STIPULATION AND SETTLEMENT AGREEMENT
ADDRESSING LESS THAN ALL ISSUES

This Joint Stipulation and Settlement Agreement Addressing Less Than All Issues ("Settlement Agreement") is entered into this 2nd day of December, 2009, by and between Wastewater One, LLC ("Wastewater One") and the Office of the Utility Consumer Counselor ("OUCC"), who stipulate and agree for purposes of settling certain, but not all, matters in this Cause that the terms and conditions set forth below represent a fair and reasonable resolution of specific issues in this Cause, subject to their incorporation in a final Indiana Utility Regulatory Commission ("Commission") Order without modification or the addition of further conditions that may be unacceptable to either party. If the Commission does not approve the Settlement Agreement in its entirety and incorporate the conclusions herein in its final Order, the entire Settlement Agreement shall be null and void and deemed withdrawn, unless otherwise agreed to in writing by the parties.

Terms and Conditions of Settlement Agreement

1. **Requested Relief.** This Cause arose out of an investigation into the practices of River's Edge Utilities, Inc. ("REUI"). Since July, 2008, the Commission and the parties in this Cause have sought a qualified third party who would purchase and thereafter operate REUI's sewer and water system. On June 9, 2009, Wastewater One filed its Petition to Intervene in this case, and on June 19, 2009, filed a Petition for authority to purchase REUI's assets provided

REUI's existing rates and charges were increased to a level acceptable to Wastewater One. On September 14, 2009, a second intervenor, the Residential Customer Group ("RCG"), intervened in this case and requested that Wastewater One's request for authority to purchase the utility (and raise REUI's existing rates) be denied.

2. **Partial Settlement.** Through analysis, discussion, and negotiation, as aided by their respective technical staff and experts, Wastewater One and the OUCC have agreed to a partial settlement that only resolves the rates that would be charged by Wastewater One if Wastewater One were approved to purchase and thereafter operate REUI's sewer and water system. The remaining issue, namely whether Wastewater One should be authorized to purchase the assets, is not being settled in this agreement.

3. **Agreed Upon Rates.** The parties agree that should Wastewater One be approved by the Commission to purchase and thereafter operate REUI's assets, Wastewater One shall be authorized to impose rates and charges that are consistent with the Schedule A attached hereto and incorporated herein by reference.

4. **Admissibility and Sufficiency of Evidence.** The parties agree to stipulate to the admission of evidence of Wastewater One and the OUCC into the record of this proceeding without objection, and agreed that such evidence constitutes substantial evidence sufficient to support this Settlement Agreement and provides an adequate evidentiary basis upon which the Commission can make all findings of fact and conclusions of law necessary for the approval of this Settlement Agreement as filed. This provision shall only apply to Settlement Testimony and Exhibits of the parties and the evidence prefiled by the parties on or before October 30, 2009.

5. **Non-Precedential Effect of Settlement.** The Settlement is a result of compromise derived from unusual and specific facts and representations particular to this Cause. The Parties stipulate that this Settlement should not be construed nor be

cited as precedent or deemed an admission by any party in any proceeding except as necessary to enforce its terms before the Commission or any court of competent jurisdiction on these particular issues. This Settlement is solely the result of compromise in the settlement process and, unless otherwise provided herein, is without prejudice to and shall not constitute a waiver of any position that the Parties may take with respect to any or all of the items resolved herein in any future regulatory or other proceeding and shall not be admissible in any subsequent proceeding without regard to whether it has been approved by the Commission. The Parties agree that, other than to enforce the terms of this Settlement, no Party may offer this Settlement or any terms of this Settlement or testimony in support of this Settlement against another party to this proceeding in any subsequent proceeding; and the Parties agree that any such effort is objectionable and constitutes a satisfactory basis for sustaining an objection to the admittance of the evidence or motion to strike.

6. **Authority to Execute.** The undersigned have represented and agreed that they are fully authorized to execute the Settlement Agreement on behalf of their designated clients who will hereafter be bound thereby.

7. **Approval of Settlement Agreement in its Entirety.** As a condition of this settlement, the parties specifically agree that if the Commission does not approve this Joint Stipulation and Settlement Agreement in its entirety and incorporate it into the Final Order as provided above, the entire Settlement Agreement shall be null and void and deemed withdrawn, unless otherwise agreed to in writing by the parties. The parties further agree that in the event the Commission does not issue a Final Order in the form that reflects the Agreement described herein, the matter should proceed to be heard by the Commission as if no settlement had been reached unless otherwise agreed to by the parties in a writing that

is filed with the Commission.

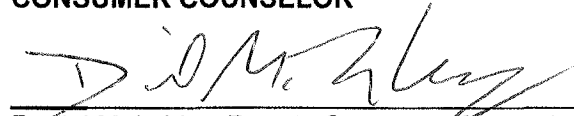
8. **No Other Agreements.** There are no agreements in existence between the parties relating to the matters

WASTEWATER ONE, LLC



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River's Edge Utilities, Inc.**Cause No. 43115****Summary of Settlement**

				Proposed		Per
				Pet	OUC	Settlement
Rate Increase Proposed by the OUC (09/24/09)	\$	16,418	43.25%	\$	64.55	248.297%
Weighted Average Cost of Capital		(686)				12.00%
Operating Expenses						10.00%
Contract Services		7,610				8.86%
Equipment	2,310			6,600	4,290	6,600
Mowing	5,300			9,800	4,500	9,800
Other Operating Expenses		2,225				
Insurance	2,225			5,548	2,775	5,000
Additional IURC Fee		13		84	18	31
Taxes and Fees		3,581				
Utility Receipts Tax	178			973	229	407
State Income Taxes	798			1,629	-	798
Federal Income Taxes	2,605			5,093	-	2,605
Rate Increase Proposed by Settlement	<u>\$</u>	<u>29,161</u>	76.83%	\$	79.68	

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Cause No:43115
SubDocket No:NONE
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Filing Party Email:sdaniels@oucc.in.gov
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